

TOWNSHIP OF WELLS
REPORT ON FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2006

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WELLS TOWNSHIP	County DELTA
Audit Date JUNE 30, 2006	Opinion Date AUGUST 3, 2006	Date Accountant Report Submitted to State: AUGUST 3, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 617 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

617 LUDINGTON STREET
ESCANABA, MICHIGAN 49829
PHONE: 906-786-8520
FAX: 906-786-8521

PROFESSIONAL BUILDING
STEPHENSON, MICHIGAN 49887
PHONE: 906-753-4700

August 3, 2006

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board
Township of Wells
Delta County, Michigan

I have audited the general purpose financial statements of the Township of Wells, Michigan as of June 30, 2006 and the related statements of cash receipts and expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, the Township of Wells prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The statements for the Township's governmental activities and business-type activities are not reasonably determinable.

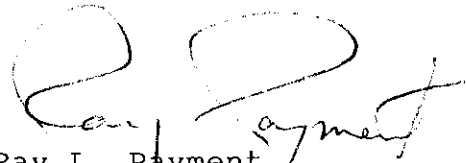
In my opinion, except for the omission of government-wide statements, the accompanying financial statements present fairly in all material respect, the fund balances of the various funds of the Township of Wells at June 30, 2006, arising from cash transactions, and their cash receipts, and disbursements for

August 3, 2006

the year then ended, on a basis of accounting described in Note 2, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 3, 2006 on my consideration of Wells Township's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The financial statements referred to in the foregoing opinion are identified in the contents of this report. My examination was made primarily for the purpose of rendering an opinion on these basic financial statements taken as a whole. The supplementary financial data identified in the contents, although not considered necessary for a fair presentation of the financial position and results of operations, are presented primarily for supplemental analysis purposes. This additional information examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "Ray L. Payment", is written over a faint, circular stamp or watermark.

Ray L. Payment
Certified Public Accountant

TOWNSHIP OF WELLS
COMBINED BALANCE SHEET - CASH BASIS
ALL FUND AND ACCOUNT GROUPS
JUNE 30, 2006

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Assessment</u>
ASSETS:			
Cash (Note 1)	\$1 098 396	\$ 2 004	\$ 1 929
Fixed Assets -			
Land & land improvements	-	-	-
Buildings	-	-	-
Office equip. & fixtures	-	-	-
Equipment & signs	-	-	-
Recreation equipment	-	-	-
Ice arena & fixtures	-	-	-
Fire truck & equipment	-	-	-
Sheriff vehicle	-	-	-
Township vehicle	-	-	-
Assessor	-	-	-
TOTAL ASSETS & OTHER DEBITS	<u>\$1 098 396</u>	<u>\$ 2 004</u>	<u>\$ 1 929</u>
LIABILITIES:			
Due to governmental units & withheld taxes	\$ -	\$ -	\$ -
FUND EQUITY:			
Investments in general fixed assets	-	-	-
Fund balance - unrestricted	1 098 396	2 004	1 929
- restricted	-	-	-
TOTAL LIABILITIES & FUND EQUITY	<u>\$1 098 396</u>	<u>\$ 2 004</u>	<u>\$ 1 929</u>

See accompanying notes to financial statements.

<u>Fiduciary</u>	<u>Account</u>
<u>Fund Types</u>	<u>Groups</u>
	General
Trust and	Fixed
<u>Agency</u>	<u>Assets</u>

\$	5	\$	-
----	---	----	---

-	97 403
-	155 875
-	104 653
-	46 666
-	57 132
-	1 247 488
-	252 723
-	2 045
-	11 479
-	205

\$	5	\$	1 975 669
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\$	5	\$	-
----	---	----	---

-	1 975 669
-	-
-	-

\$	5	\$	1 975 669
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TOWNSHIP OF WELLS
 COMBINED STATEMENT OF CASH RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN CASH BALANCES - CASH BASIS
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 2006

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Assessment</u>
CASH RECEIPTS:			
State revenue sharing	\$ 344 759	\$ 2 069	\$ -
Tax collection fees	88 769	-	-
Rents	1 250	-	-
Interest earned on deposits	35 113	-	-
Special assessments	-	-	8 816
Miscellaneous receipts and reimbursements	16 118	-	-
TOTAL CASH RECEIPTS	<u>486 009</u>	<u>2 069</u>	<u>8 816</u>
CASH DISBURSEMENTS:			
Legislative:			
Township board	56 317	-	-
General Governments:			
Supervisor	32 305	-	-
Clerk	26 374	-	-
Treasurer	20 092	-	-
Summer tax collection	8 749	-	-
Assessor	80 637	-	-
Elections	480	-	-
Buildings and grounds	16 649	-	-
Board of Review	1 743	-	-
Attorney and legal	233	-	-
Personnel	65 440	-	-
Fire protection	63 511	-	-
Highways, street & street lights	92 198	-	7 480
Liquor inspection	-	2 069	-
TOTAL CASH DISBURSEMENTS	<u>464 728</u>	<u>2 069</u>	<u>7 480</u>
EXCESS OF CASH RECEIPTS (DISBURSEMENTS)	\$ 21 281	\$ -	\$ 1 336
FUND BALANCE, at beginning of period	<u>1 077 115</u>	<u>2 004</u>	<u>593</u>
FUND BALANCE, at end of period	<u>\$1 098 396</u>	<u>\$ 2 004</u>	<u>\$ 1 929</u>

See accompanying notes to financial statements.

TOWNSHIP OF WELLS
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - CASH BASIS
- BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2006

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES:			
State shared revenue	\$ 310 000	\$ 344 759	\$ 34 759
Collection fees	80 000	88 769	8 769
Rents	700	1 250	550
Interest	15 000	35 113	20 113
Other revenues	115	16 118	16 003
Licenses fees - Liquor	-	-	-
Total revenues	405 815	486 009	80 194
EXPENDITURES:			
Legislative board expenses	72 550	56 317	16 233
Supervisor	32 500	32 305	195
Elections	3 100	480	2 620
Clerk and deputy clerk	26 550	26 374	176
Board of Review	2 850	1 743	1 107
Treasurer and deputy treasurer	20 700	20 092	608
Personnel	68 250	65 440	2 810
Buildings and grounds	29 800	16 649	13 151
Fire protection	65 000	63 511	1 489
Highways and bridges	61 500	60 584	916
Street lights	32 000	31 614	386
Assessor	82 300	80 637	1 663
Liquor inspection	-	-	-
Summer tax collection	13 000	8 749	4 251
Attorney and legal	2 500	233	2 267
Total expenditures	512 600	464 728	47 872
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(106 785)	21 281	128 066
FUND BALANCE, July 1, 2005	1 077 115	1 077 115	-
FUND BALANCE, June 30, 2006	\$ 970 330	\$1 098 396	\$ 128 066

See accompanying notes to financial statements.

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>1 900</u>	<u>2 069</u>	<u>169</u>
<u>1 900</u>	<u>2 069</u>	<u>169</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 900	2 069	(169)
-	-	-
<u>1 900</u>	<u>2 069</u>	<u>(169)</u>
-	-	-
<u>2 004</u>	<u>2 004</u>	<u>-</u>
\$ 2 004	\$ 2 004	\$ -

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2006

NOTE 1 - REPORTING ENTITY

Wells Township is located in Delta County and provides services to its residents in many areas including community enrichment and development, and human services. In accordance with the provisions of NCGA Statement 3, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by the NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Educational services are provided through the Escanaba School System which is a separate governmental entity and, therefore, not presented in the financial statements included herein.

FUND ACCOUNTING

The financial activities of the Township are recorded in separate funds, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions except those provided for in another fund. The Fund includes the general operating expenditures of the Township. Revenues are primarily derived from property taxes, State grants and other intergovernmental revenues.

FIDUCIARY FUNDS

Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The Agency Funds are the Current Tax Collection Fund and Trust and Agency Fund.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

SPECIAL REVENUE FUNDS

Liquor Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

SPECIAL ASSESSMENT FUND

This fund accounts for the financial and erection of street lights paid for by the special assessment levied against benefitted properties.

ACCOUNT GROUPS

General Fixed Assets Account Group

This account group presents the fixed assets of the Township. General fixed assets purchased are recorded as expenditures in their respective funds. Such assets are capitalized at cost in the general fixed asset group.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wells Township do not conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

BASIS OF ACCOUNTING

Governmental Funds

The accounting policies of Wells Township do not conform to generally accepted accounting principles as applicable to governmental units in that the cash basis of accounting is utilized by the governmental fund rather than the modified accrual basis of accounting. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

Fiduciary Funds

The Fiduciary Fund is maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

NOTE 3 - PROPERTY TAX LEVY

The Township levies taxes on a general township law basis. The taxes included in these financial statements are the 2005 levy and are billed on a once per year basis. See schedules on page 16 for levy breakdown and millage rates. All unpaid taxes become delinquent March 1, of the following year. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected on the cash basis. All real property taxes are turned over to the County when delinquent and personal property taxes are collected and distributed by the Township. The County used a revolving tax fund and reimburses the Township yearly for any delinquent real property taxes.

NOTE 4 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in four banks in the name of Wells Township Treasurer. Michigan compiled Laws, Section 124.91, authorizes the Township Treasurer to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreement; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rates by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. The Township's deposits are in accordance with statutory authority. The Township has adopted an investment policy in accordance with State regulations.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

Governmental Accounting Standards Board (GASB) Statement No. 3 Risk Disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured	\$ 400 000
Uninsured	<u>702 334</u>
TOTAL DEPOSITS	<u>\$ 1 102 334</u>

NOTE 5 - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL - GENERAL FUND

The above supplemental statement is not required in these statements because the combined statement on page 6 is detailed to the required revenue and activity level as shown in the Uniform Accounting Procedures Manual for Local Units of Government in Michigan.

NOTE 6 - BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the Township Charter, the Township adopts an annual budget for the General Fund and Liquor Fund. The annual budgets are prepared in accordance with the basis of accounting utilized by those funds (cash basis). The Township board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the board adopts an amended budget approving any transfers among departments or additional expenditures. The amended budgets are presented on page 7. All appropriations lapse at fiscal year-end.

NOTE 7 - CHANGES IN GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

A summary of changes in general fixed assets is presented on page 16.

TOWNSHIP OF WELLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006
(Continued)

NOTE 8 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township purchases insurance coverage through a carrier. This plan purchases reinsurance for all risks. The Township's expense is to pay only the annual premium. In addition, the Township purchases worker's compensation insurance through the Michigan Municipal Workers Compensation Fund.

NOTE 10 - PENSION PLAN

Wells Township maintains a defined contribution pension plan covering employees and elected officers of the Township. Principle provisions of the plan require the Township and the employee to each contribute to the plan and provide for immediate 100% vesting with a normal retirement date at age 65. The total expense for the retirement plan for the year was \$4,035.

TOWNSHIP OF WELLS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - CASH BASIS
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2006

	<u>Liquor Law Enforcement Fund</u>
CASH RECEIPTS:	
Liquor license fees	\$ 2 069
TOTAL CASH RECEIPTS	<u>2 069</u>
CASH DISBURSEMENTS:	
Sheriff department	<u>2 069</u>
TOTAL CASH DISBURSEMENTS	<u>2 069</u>
EXCESS CASH RECEIPTS (DISBURSEMENTS)	-
FUND BALANCE, at beginning of period	<u>2 004</u>
FUND BALANCE, at end of period	\$ 2 004

TOWNSHIP OF WELLS
STATEMENT OF CASH RECEIPTS
DISBURSEMENTS AND CHANGES IN CASH BALANCES - CASH BASIS
SPECIAL ASSESSMENT FUND
YEAR ENDED JUNE 30, 2006

CASH RECEIPTS:	
Special assessments - street lights	\$ 8 816
TOTAL CASH RECEIPTS	<u>8 816</u>
CASH DISBURSEMENTS:	
Street lights	<u>7 480</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	1 336
FUND BALANCE, at beginning of period	<u>593</u>
FUND BALANCE, at end of period	<u>\$ 1 929</u>

TOWNSHIP OF WELLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUND TYPES
JUNE 30, 2006

CURRENT TAX COLLECTION FUND	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>ASSETS</u>				
Cash	\$ 5	\$ 8 011 984	\$ 8 011 984	\$ 5
TOTAL ASSETS	\$ 5	\$ 8 011 984	\$ 8 011 984	\$ 5
<u>LIABILITIES</u>				
Due to other taxing units:				
Bay de Noc College	\$ -	\$ 816 591	\$ 816 591	\$ -
Township of Wells	5	163 919	163 919	5
Delta County	-	1 644 978	1 644 978	-
Intermediate School District	-	546 372	546 372	-
Escanaba Area Schools	-	3 318 788	3 318 788	-
State of Michigan	-	1 521 336	1 521 336	-
TOTAL LIABILITIES	\$ 5	\$ 8 011 984	\$ 8 011 984	\$ 5

TOWNSHIP OF WELLS
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
GENERAL FIXED ASSETS ACCOUNT GROUP
YEAR ENDED JUNE 30, 2006

	Balance <u>July 1, 2005</u>	(Deletions) or <u>Additions</u>	Balance <u>June 30, 2006</u>
ASSETS:			
Land and land improvements	\$ 97 403	\$ -	\$ 97 403
Buildings	155 875	-	155 875
Office equipment & fixtures	97 891	6 762	104 653
Equipment and signs	46 666	-	46 666
Recreation equipment	56 347	785	57 132
Ice arena and fixtures	1 247 488	-	1 247 488
Fire truck & fire equipment	252 723	-	252 723
Sheriff vehicle	2 045	-	2 045
Township vehicles	11 479	-	11 479
Assessor	205	-	205
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1 968 122	\$ 7 547	\$ 1 975 669
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF WELLS
ASSESSED VALUATION, TAX RATES AND TAX LEVIES SCHEDULE
YEAR ENDED JUNE 30, 2006

	<u>Bay de Noc Community College</u>	<u>Escanaba Area Schools</u>
Taxable valuation	\$ 231 725 333	\$ 231 725 333
Millage rate	3.5501	21.0800
Tax Levy	844 399	3 382 014
Less - returned delinquent	<u>28 918</u>	<u>69 587</u>
Current tax collection	<u>\$ 815 481</u>	<u>\$ 3 312 427</u>

See accompanying notes to financial statements.

<u>Delta County</u>	<u>Intermediate Schools</u>	<u>State of Michigan</u>
\$ 231 725 333	\$ 231 725 333	\$ 231 725 333
7.8424	1.4937	6.0000
1 693 031	565 143	1 390 329
<u>51 625</u>	<u>19 544</u>	<u>26 434</u>
<u>\$ 1 641 406</u>	<u>\$ 545 599</u>	<u>\$ 1 363 895</u>

TOWNSHIP OF WELLS
 DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LEGISLATIVE BOARD:			
Salaries - elected	\$ 5 150	\$ 3 600	\$ 1 550
Maintenance - Custodial contract	7 250	7 250	-
Truck maintenance	400	275	125
Engineer consulting & professional services	11 100	7 199	3 901
Audit	1 800	1 700	100
Office supplies	7 200	6 184	1 016
Dues and miscellaneous	6 000	5 267	733
Capital expenditures	11 000	8 774	2 226
Printing and publishing	2 000	1 006	994
Insurance and bonds	15 000	10 393	4 607
Workmen's comp. insurance	1 700	1 394	306
Social security	450	275	175
Compost contribution	3 500	3 000	500
Total legislative board	<u>72 550</u>	<u>56 317</u>	<u>16 233</u>
TOWNSHIP SUPERVISOR:			
Salary	30 000	30 000	-
Social security	2 400	2 295	105
Transportation	50	-	50
Conferences	50	10	40
Total township supervisor	<u>32 500</u>	<u>32 305</u>	<u>195</u>
TOWNSHIP CLERK AND DEPUTY CLERK:			
Salary - elected	22 000	22 000	-
Salary - appointed	2 500	2 500	-
Social security	2 000	1 874	126
Transportation	50	-	50
Total township clerk	<u>26 550</u>	<u>26 374</u>	<u>176</u>
TOWNSHIP TREASURER AND DEPUTY TREASURER:			
Salary - elected	15 500	15 500	-
Salary - appointed	3 000	3 000	-
Social security	1 600	1 415	185
Printing	400	177	223
Conferences and travel	200	-	200
Total township treasurer	<u>20 700</u>	<u>20 092</u>	<u>608</u>

TOWNSHIP OF WELLS
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET - CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
SUMMER TAX COLLECTION:			
Salary - elected	\$ 6 500	\$ 6 500	\$ -
Salary - appointed	1 500	1 500	-
Social security	700	612	88
Printing and office	4 300	137	4 163
Total summer tax collection	<u>13 000</u>	<u>8 749</u>	<u>4 251</u>
TOWNSHIP ASSESSOR:			
Salary	62 200	62 200	-
Social security	4 900	4 758	142
Hospital insurance	11 500	10 969	531
Retirement	1 345	1 345	-
Dues and miscellaneous	1 400	1 365	35
Conferences and travel	955	-	955
Total township assessor	<u>82 300</u>	<u>80 637</u>	<u>1 663</u>
FIRE PROTECTION:			
Fire contract	52 500	52 500	-
Repairs	4 000	3 744	256
Insurance	2 500	1 637	863
Fire hydrants & miscellaneous	6 000	5 630	370
Total fire protection	<u>65 000</u>	<u>63 511</u>	<u>1 489</u>
TOWNSHIP HALLS AND GROUNDS:			
Township hall - communications	2 200	1 869	331
- utilities/heat	8 500	5 876	2 624
- repairs	9 000	6 504	2 496
- equipment	3 000	108	2 892
Parks - transportation	-	-	-
- utilities/heat	1 100	850	250
- repairs	3 000	1 442	1 558
- equip. & improvements	3 000	-	3 000
Total township hall/grounds	<u>29 800</u>	<u>16 649</u>	<u>13 151</u>
HIGHWAYS AND BRIDGES:			
Contracted maintenance - Road			
Commission	61 000	60 183	817
Street signs	500	401	99
Total highways and bridges	<u>61 500</u>	<u>60 584</u>	<u>916</u>
STREET LIGHTS			
	<u>32 000</u>	<u>31 614</u>	<u>386</u>

TOWNSHIP OF WELLS
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET-- CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ELECTIONS:			
Salaries and expenses	\$ 3 100	\$ 480	\$ 2 620
Total elections	<u>3 100</u>	<u>480</u>	<u>2 620</u>
BOARD OF REVIEW:			
Wages	1 050	1 050	-
Social security	100	80	20
Publishing	1 700	613	1 087
Total board of review	<u>2 850</u>	<u>1 743</u>	<u>1 107</u>
ATTORNEY AND LEGAL:			
Legal fees	2 500	233	2 267
Total attorney and legal	<u>2 500</u>	<u>233</u>	<u>2 267</u>
PERSONNEL:			
Secretary - salary	16 250	16 008	242
- social security	1 400	1 225	175
- retirement	1 350	1 345	5
Grounds Superintendent			
- salary	32 000	32 000	-
- social security	2 600	2 448	152
- hospital insurance	11 250	10 969	281
- retirement	1 350	1 345	5
- miscellaneous	100	100	-
Recreation Department			
Summer - part-time - salary	1 800	-	1 800
- social security	150	-	150
Total personnel	<u>68 250</u>	<u>65 440</u>	<u>2 810</u>
TOTAL CASH DISBURSEMENTS	<u>\$ 512 600</u>	<u>\$ 464 728</u>	<u>\$ 47 872</u>

RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

617 LUDINGTON STREET
ESCANABA, MICHIGAN 49829
PHONE: 906-786-8520
FAX: 906-786-8521

August 3, 2006

PROFESSIONAL BUILDING
STEPHENSON, MICHIGAN 49887
PHONE: 906-753-4700

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Wells Township
Wells Township Board
Delta County, Michigan

I have audited the general purpose financial statements of Wells Township as of and for the year ended June 30, 2006, and have issued my report thereon dated August 3, 2006. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wells Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.


Internal Control Over Financial Reporting

In planning and performing my audit I considered Wells Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a rela-

August 3, 2006

tively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment
Certified Public Accountant